

Taxation and Revenue Department  
Joseph M. Montoya Building  
1100 South St. Francis Drive  
Post Office Box 630  
Santa Fe NM 87504-0630

**LOCAL HOSPITAL GROSS RECEIPTS TAX ACT**  
**SECTION 7-20C-1 through 7-20C-17 NMSA 1978**

Revised June 2009

This page intentionally blank.

## **TABLE OF CONTENTS**

7-20C-1. SHORT TITLE

7-20C-2. DEFINITIONS

7-20C-3. LOCAL HOSPITAL GROSS RECEIPTS TAX; AUTHORITY TO IMPOSE;  
ORDINANCE REQUIREMENTS

7-20C-4. ORDINANCE SHALL CONFORM TO CERTAIN PROVISIONS OF THE GROSS  
RECEIPTS AND COMPENSATING TAX ACT AND REQUIREMENTS OF THE  
DEPARTMENT

7-20C-5. SPECIFIC EXEMPTIONS

7-20C-6. COLLECTION BY DEPARTMENT; TRANSFER OF PROCEEDS; DEDUCTIONS

7-20C-7. INTERPRETATION OF ACT; ADMINISTRATION AND ENFORCEMENT OF  
TAX

7-20C-8. DISTRIBUTION

7-20C-9. LOCAL HOSPITAL REVENUE BONDS; AUTHORITY TO ISSUE; PLEDGE OF  
REVENUES

7-20C-10. ORDINANCE AUTHORIZING REVENUE BONDS

7-20C-11. REVENUE BONDS; TERMS

7-20C-12. LOCAL HOSPITAL REVENUE BONDS NOT GENERAL COUNTY  
OBLIGATIONS

7-20C-13. REVENUE BONDS; EXEMPTION FROM TAXATION

7-20C-14. USE OF PROCEEDS OF BOND ISSUE

7-20C-15. NO NOTICE OR PUBLICATION REQUIRED

7-20C-16. REVENUE BONDS; REFUNDING AUTHORIZATION

7-20C-17. REFUNDING BONDS; EXCROW; DETAIL

---

**7-20C-1. SHORT TITLE.--Sections 1 through 15 [7-20C-1 to 7-20C-17 NMSA 1978] of this act may be cited as the "Local Hospital Gross Receipts Tax Act".**  
**(Laws 1991, Chapter 176, Section 1)**

---

---

**7-20C-2. DEFINITIONS.--As used in the Local Hospital Gross Receipts Tax Act:**

**A. "county" means:**

(1) a class B county having a population of less than twenty-five thousand according to the most recent federal decennial census and having a net taxable value for rate-setting purposes for the 1990 property tax year or any subsequent year of more than two hundred fifty million dollars (\$250,000,000);

(2) a class B county having a population of less than forty-seven thousand but more than forty-four thousand according to the 1990 federal decennial census and having a net taxable value for rate-setting purposes for the 1992 property tax year of more than three hundred million dollars (\$300,000,000) but less than six hundred million dollars (\$600,000,000);

(3) a class B county having a population of less than ten thousand according to the most recent federal decennial census and having a net taxable value for ratesetting purposes for the 1990 property tax year or any subsequent year of more than one hundred million dollars (\$100,000,000);

(4) a class B county having a population of less than twenty-five thousand according to the 1990 federal decennial census and having a net taxable value for ratesetting purposes for the 1993 property tax year of more than ninety-one million dollars (\$91,000,000) but less than one hundred twenty-five million dollars (\$125,000,000);

(5) a class B county having a population of more than seventeen thousand but less than twenty thousand according to the 1990 federal decennial census and having a net taxable value for rate-setting purposes for the 1993 property tax year of more than one hundred fifty-three million dollars (\$153,000,000) but less than one hundred fifty-six million dollars (\$156,000,000);

(6) a class B county having a population of more than fifteen thousand according to the 1990 federal decennial census and having a net taxable value for ratesetting purposes for the 1996 property tax year of more than one hundred fifty million dollars (\$150,000,000) but less than one hundred seventy-five million dollars (\$175,000,000);

(7) an H class county;

(8) a class A county having a population of less than one hundred fifteen thousand according to the 2000 federal decennial census or any subsequent federal decennial census and having a net taxable value for rate-setting purposes for the 2001 property tax year or any subsequent year of more than three billion dollars (\$3,000,000,000); or

(9) a class B county having a population of more than three thousand five hundred but less than ten thousand five hundred according to

the 2000 federal decennial census or any subsequent federal decennial census and having a net taxable value for rate-setting purposes for the 2005 property tax year or any subsequent year of more than one hundred million dollars (\$100,000,000) and less than one hundred sixteen million five hundred thousand dollars

(\$116,500,000);

B. "department" means the taxation and revenue department, the secretary of taxation and revenue or any employee of the department exercising authority lawfully delegated to that employee by the secretary;

C. "governing body" means the board of county commissioners of a county;

D. "health care facilities contract" means an agreement between a hospital or health clinic not owned by the county and a county imposing the tax authorized by the Local Hospital Gross Receipts Tax Act that obligates the county to pay to the hospital revenue generated by the tax authorized in that act as consideration for the agreement by the hospital or health clinic to use the funds only for nonsectarian purposes and to make health care services available for the benefit of the county;

E. "hospital facility revenues" means all or a portion of the revenues derived from a lease of a hospital facility acquired, constructed or equipped pursuant to and operated in accordance with the Local Hospital Gross Receipts Tax Act;

F. "local hospital gross receipts tax" means the tax authorized to be imposed under the Local Hospital Gross Receipts Tax Act;

G. "person" means an individual or any other legal entity; and

H. "state gross receipts tax" means the gross receipts tax imposed under the Gross Receipts and Compensating Tax Act.

(Laws 2007, Chapter 80, Section 1)

---

---

**7-20C-3. LOCAL HOSPITAL GROSS RECEIPTS TAX; AUTHORITY TO IMPOSE; ORDINANCE REQUIREMENTS.--**

A. A majority of the members elected to the governing body of a county may enact an ordinance imposing an excise tax on a person engaging in business in the county for the privilege of engaging in business. This tax is to be referred to as the "local hospital gross receipts tax". The rate of the tax shall be:

(1) one-half percent of the gross receipts of the person engaging in business if the tax is initially imposed before January 1, 1993;

(2) one-eighth percent of the gross receipts of the person engaging in business if the tax is initially imposed after January 1, 1993; and

(3) a rate not to exceed one-half percent of the gross receipts of the person engaging in business if the tax is imposed after July 1, 1996 in a county described in Paragraph (4), (6), (7) or (8) of Subsection A of Section 7-20C-2 NMSA 1978; provided the tax may be imposed in any number of increments of one-eighth percent not to exceed an aggregate rate of one-half percent of gross receipts.

B. The local hospital gross receipts tax imposed:

(1) initially before January 1, 1993 shall be imposed only once for the period necessary for payment of the principal and interest on revenue bonds issued to accomplish the purpose for which the revenue is dedicated, but the period shall not exceed ten years from the effective date of the ordinance imposing the tax; or

(2) after July 1, 1996 in a county described in Paragraph (4) or (8) of Subsection A of Section 7-20C-2 NMSA 1978 shall be imposed for the period necessary for payment of the principal and interest on revenue bonds issued to accomplish the purpose for which the revenue is dedicated, but the period shall not exceed forty years from the effective date of the ordinance imposing the tax; provided, however, that the governing body of a county described in Paragraph (8) of Subsection A of Section 7-20C-2 NMSA 1978 that has enacted an ordinance imposing an increment of the local hospital gross receipts tax pursuant to the provisions of this paragraph may, prior to the date of the delayed repeal of the ordinance, enact an ordinance to modify the period of imposition of the tax and modify the purposes for which the revenue from the tax is dedicated, consistent with one or more of the purposes permitted pursuant to Paragraph (6) of Subsection D of this section. The ordinance shall be subject to the election requirement of Subsection E of this section.

C. No local hospital gross receipts tax authorized in Subsection A of this section shall be imposed initially after January 1, 1993 in a county described in Paragraph (2), (3) or (5) of Subsection A of Section 7-20C-2 NMSA 1978 unless:

**(1) in a county described in Paragraph (2) of Subsection A of Section 7-20C-2 NMSA 1978, the voters of the county have approved the issuance of general obligation bonds of the county sufficient to pay at least one-half of the costs of the county hospital facility or county twenty-four-hour urgent care or emergency facility for which the local hospital gross receipts tax revenues are dedicated, including the costs of all acquisition, renovation and equipping of the facility; or**

**(2) in a county described in Paragraph (3) or (5) of Subsection A of Section 7-20C-2 NMSA 1978, the county will not have in effect at the same time a county hospital emergency gross receipts tax and the voters of the county have approved the imposition of a property tax at a rate of one dollar (\$1.00) on each one thousand dollars (\$1,000) of taxable value of property in the county for the purpose of operation and maintenance of a hospital owned by the county and operated and maintained either by the county or by another party pursuant to a lease with the county.**

**D. The governing body of a county enacting an ordinance imposing a local hospital gross receipts tax shall dedicate the revenue from the tax as provided in this subsection. In any election held, the ballot shall clearly state the purpose to which the revenue will be dedicated and the revenue shall be used by the county for that purpose. The revenue shall be dedicated as follows:**

**(1) prior to January 1, 1993, the governing body, at the time of enacting an ordinance imposing the rate of the tax authorized in Subsection A of this section, shall dedicate the revenue for acquisition of land for and the design, construction, equipping and furnishing of a county hospital facility to be operated by the county or operated and maintained by another party pursuant to a lease with the county;**

**(2) if the governing body of a county described in Paragraph (2), (3) or (5) of Subsection A of Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax after July 1, 1993, the governing body shall dedicate the revenue for acquisition, renovation and equipping of a building for a county hospital facility or a county twenty-four-hour urgent care or emergency facility or for operation and maintenance of that facility, whether operated and maintained by the county or by another party pursuant to a lease or management contract with the county, for the period of time the tax is imposed not to exceed ten years;**

**(3) if the governing body of a county described in Paragraph (4) or (8) of Subsection A of Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax after July 1, 1995, the governing body shall dedicate the revenue for acquisition of land or buildings for and the renovation, design, construction, equipping or furnishing of a county hospital facility or health clinic to be operated by the county or operated and maintained by another party pursuant to a health care facilities contract, lease or management contract with the county; provided, however, that the**



**governing body of a county described in Paragraph (8) of Subsection A of Section 7-20C-2 NMSA 1978 that has imposed an increment of the local hospital gross receipts tax prior to January 1, 2009 and dedicated the revenue from that imposition pursuant to the provisions of this paragraph may, prior to the date of the delayed repeal of the ordinance imposing the increment of the tax, enact an ordinance to modify the period of imposition of the tax and modify the purposes for which the revenue from the tax is dedicated, consistent with one or more of the purposes permitted pursuant to Paragraph (6) of this subsection. The ordinance shall be subject to the election requirement of Subsection E of this section;**

**(4) if the governing body of a county described in Paragraph (6) or (9) of Subsection A of Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax after July 1, 1997, the governing body shall dedicate the revenue for either or a combination of the following:**

**(a) acquisition of land or buildings for and the design, construction, renovation, equipping or furnishing of a hospital facility or health clinic owned by the county or a hospital or health clinic with which the county has entered into a health care facilities contract lease or management contract; or**

**(b) operations and maintenance of a hospital or health clinic owned by the county or a hospital or a health clinic with which the county has entered into a health care facilities contract;**

**(5) if the governing body of a county described in Paragraph (7) of Subsection A of Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing the tax after January 1, 2002, the governing body shall dedicate the revenue for acquisition, lease, renovation or equipping of a hospital facility or for operation and maintenance of that facility, whether operated and maintained by the county or by another party pursuant to a health care facilities contract, lease or management contract with the county; and**

**(6) if the governing body of a county described in Paragraph (8) of Subsection A of Section 7-20C-2 NMSA 1978 is enacting the ordinance imposing one or more increments of the tax after January 1, 2009, the governing body shall dedicate the revenue for either or both of the following:**

**(a) payment of the principal and interest on revenue bonds, including refunding bonds, issued for acquisition of land or buildings for and the renovation, design, construction, equipping or furnishing of hospital facilities or health care clinic facilities to be operated by the county or operated and maintained by another party pursuant to a health care facilities contract, lease or management contract with the county; and**

**(b) use as matching funds for state or federal programs benefiting the facilities.**

**E. The ordinance shall not go into effect until after an election is held and a simple majority of the qualified electors of the county voting in the election vote in favor of imposing the local hospital gross receipts tax and, in**

the case of a county described in Paragraph (3) or (5) of Subsection A of Section 7-20C-2 NMSA 1978, also vote in favor of a property tax at a rate of one dollar (\$1.00) for each one thousand dollars (\$1,000) of taxable value of property in the county. The governing body shall adopt a resolution calling for an election within seventy-five days of the date the ordinance is adopted on the question of imposing the tax. The question may be submitted to the qualified electors and voted on as a separate question in a general election or in any special election called for that purpose by the governing body. A special election on the question shall be called, held, conducted and canvassed in substantially the same manner as provided by law for general elections. If the question of imposing a local hospital gross receipts tax fails or if the question of imposing both a local hospital gross receipts tax and a property tax fails, the governing body shall not again propose a local hospital gross receipts tax for a period of one year after the election. A certified copy of any ordinance imposing a local hospital gross receipts tax shall be mailed to the department within five days after the ordinance is adopted in an election called for that purpose.

F. An ordinance enacted pursuant to the provisions of Subsection A of this section shall include an effective date of either July 1 or January 1, whichever date occurs first after the expiration of at least three months from the date the ordinance is approved by the electorate.

G. An ordinance repealed under the provisions of the Local Hospital Gross Receipts Tax Act shall be repealed effective on either July 1 or January 1.

H. As used in this section, "taxable value of property" means the sum of:

(1) the net taxable value, as that term is defined in the Property Tax Code, of property subject to taxation under the Property Tax Code;

(2) the assessed value of products, as those terms are defined in the Oil and Gas Ad Valorem Production Tax Act;

(3) the assessed value of equipment, as those terms are defined in the Oil and Gas Production Equipment Ad Valorem Tax Act; and

(4) the taxable value of copper mineral property, as those terms are defined in the Copper Production Ad Valorem Tax Act, subject to taxation under the Copper Production Ad Valorem Tax Act.

(Laws 2009, Chapter 16, Section 1)

---

---

**7-20C-4. ORDINANCE SHALL CONFORM TO CERTAIN PROVISIONS OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT AND REQUIREMENTS OF THE DEPARTMENT.--**

A. Any ordinance imposing the local hospital gross receipts tax shall adopt by reference the same definitions and the same provisions relating to exemptions and deductions as are contained in the Gross Receipts and Compensating Tax Act [Chapter 7, Article 9 NMSA 1978] then in effect and as it may be amended from time to time.

B. The governing body of any county imposing the tax shall adopt the model ordinances furnished to the county by the department.  
(Laws 1991, Chapter 176, Section 4)

---

---

**7-20C-5. SPECIFIC EXEMPTIONS.--** No local hospital gross receipts tax shall be imposed on the gross receipts arising from transporting persons or property for hire by railroad, motor vehicle, air transportation or any other means from one point within the county to another point outside the county.  
(Laws 1994, Chapter 101, Section 5)

---

---

**7-20C-6. COLLECTION BY DEPARTMENT; TRANSFER OF PROCEEDS; DEDUCTIONS.--**

A. The department shall collect the local hospital gross receipts tax in the same manner and at the same time it collects the state gross receipts tax.

B. The department shall withhold an administrative fee pursuant to Section 7-1-6.41 NMSA 1978. The department shall transfer to each county for which it is collecting such tax the amount of the tax collected less the administrative fee withheld and less any disbursements for tax credits, refunds and the payment of interest applicable to the tax. Transfer of the tax to a county shall be made within the month following the month in which the tax is collected.

(Laws 2005, Chapter 338, Section 2)

---

---

**7-20C-7. INTERPRETATION OF ACT; ADMINISTRATION AND ENFORCEMENT OF TAX.--**

A. The department shall interpret the provisions of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978].

B. The department shall administer and enforce the collection of the local hospital gross receipts tax, and the Tax Administration Act [Chapter 7, Article 1 NMSA 1978] applies to the administration and enforcement of the tax.

(Laws 1991, Chapter 176, Section 7)

---

---

**7-20C-8. DISTRIBUTION.--**The net receipts from the local hospital gross receipts tax shall be administered by the governing body and disbursed by the county treasurer subject to the approval by the governing body in accordance with the provisions of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978].

(Laws 1991, Chapter 176, Section 8)

---

---

**7-20C-9. LOCAL HOSPITAL REVENUE BONDS; AUTHORITY TO ISSUE; PLEDGE OF REVENUES.--**

A. A county, other than a county described in Paragraph (2) of Subsection A of Section 7-20C-2 NMSA 1978, may issue local hospital revenue bonds pursuant to the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978] for the purpose of acquiring land for and designing, constructing, equipping and furnishing a county hospital facility or health clinic to be operated by the county or by another party pursuant to a lease or management contract with the county, or a hospital facility or health clinic with whom the county has entered into a health care facilities contract.

B. The county issuing the local hospital revenue bonds pursuant to the Local Hospital Gross Receipts Tax Act shall pledge irrevocably all of the net receipts derived from the imposition of the local hospital gross receipts tax and may pledge irrevocably any combination of hospital facility revenues and any other revenues as necessary for the payment of principal and interest on the revenue bonds.

(Laws 1997, Chapter 54, Section 3)

---

---

**7-20C-10. ORDINANCE AUTHORIZING REVENUE BONDS.--**At a regular or special meeting called for the purpose of issuing revenue bonds as authorized pursuant to the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978], the governing body may adopt an ordinance that:

- A. declares the necessity for issuing revenue bonds;
  - B. authorizes the issuance of revenue bonds by an affirmative vote of a majority of the governing body; and
  - C. designates the source of the pledged revenues.
- (Laws 1991, Chapter 176, Section 10)
- 

---

**7-20C-11. REVNEUE BONDS; TERMS.--** Local hospital revenue bonds:

- A. may have interest, appreciated principal value or any part thereof payable at intervals or at maturity as may be determined by the governing body in the ordinance;
  - B. may be subject to a prior redemption at the option of the county at such times and upon such terms and conditions, with or without the payment of such premiums, as may be provided by the ordinance authorizing the bonds;
  - C. may mature at any time not exceeding twenty years after the date of issuance;
  - D. may be serial in form and maturity or may consist of one bond payable at one time or in installments or may be in any other form as may be provided in the ordinance authorizing the bonds;
  - E. shall be sold for cash at, above or below par and at a price that results in a net effective interest rate that does not exceed the maximum permitted by the Public Securities Act [6-14-1 to 6-14-3 NMSA 1978]; and
  - F. may be sold at a public or negotiated sale.
- (Laws 1996 (1st S.S.), Chapter 6, Section 4)
-

---

**7-20C-12. LOCAL HOSPITAL REVENUE BONDS NOT GENERAL COUNTY OBLIGATIONS--**Revenue bonds issued by a county under the authority of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978] shall not be the general obligation of the county within the meaning of Article 9, Sections 10 and 13 of the constitution of New Mexico. The bonds shall be payable solely out of all or a portion of the net revenues derived from the imposition of the local hospital gross receipts tax. Revenue bonds and interest coupons issued under authority of that act shall never constitute an indebtedness of the county within the meaning of any state constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the county or a charge against its general credit or taxing powers, and this fact shall be plainly stated on the face of each bond.

(Laws 1991, Chapter 176, Section 12)

---

---

**7-20C-13. REVENUE BONDS; EXEMPTION FROM TAXATION.--**The local hospital revenue bonds issued under authority of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978] and the income from the bonds shall be exempt from all taxation by the state or any political subdivision of the state.

(Laws 1991, Chapter 176, Section 13)

---

---

**7-20C-14. USE OF PROCEEDS OF BOND ISSUE.--**It is unlawful to divert, use or expend any money received from the issuance of local hospital revenue bonds for any purpose other than the purpose for which the bonds were issued.

(Laws 1991, Chapter 176, Section 14)

---

---

**7-20C-15. NO NOTICE OR PUBLICATION REQUIRED.--**No notice, consent or approval by any governmental body or public officer shall be required as a prerequisite to the sale or issuance of any local hospital revenue bonds under the authority of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978], except as provided in that act. (Laws 1991, Chapter 176, Section 15)

---

---

**7-20C-16. REVENUE BONDS; REFUNDING AUTHORIZATION.--**

**A. Any county having issued revenue bonds as authorized in the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978] may issue refunding revenue bonds pursuant to an ordinance adopted by majority vote of the governing body for the purpose of refinancing, paying and discharging all or any part of such outstanding revenue bonds of any one or more or all outstanding issues:**

**(1) for the acceleration, deceleration or other modification of the payment of such obligations, including without limitation any capitalization of any interest thereon in arrears or about to become due for any period not exceeding one year from the date of the refunding bonds;**

**(2) for the purpose of reducing interest costs or effecting other economies;**

**(3) for the purpose of modifying or eliminating restrictive contractual limitations pertaining to the issuance of additional bonds, otherwise concerning the outstanding bonds or to any facilities relating thereto; or**

**(4) for any combination of such purposes.**

**B. To pay the principal and interest on refunding bonds, the county may pledge irrevocably revenues authorized to be pledged to revenue bonds issued pursuant to the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978].**

**C. Bonds for refunding and bonds for any purpose permitted by the Local Hospital Gross Receipts Tax Act may be issued separately or issued in combination in one series or more.**

**(Laws 1996, Chapter 18, Section 3)**

---

---

**7-20C-17. REFUNDING BONDS; ESCROW; DETAIL.--**

**A. Refunding bonds issued pursuant to the provisions of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978] shall be authorized by ordinance. Any revenue bonds that are refunded under the provisions of this section shall be paid at maturity or on any permitted prior redemption date in the amounts, at the time and places, and if called prior to maturity, in accordance with any applicable notice provisions, all as provided in the proceedings authorizing the issuance of the refunded bonds or otherwise appertaining thereto, except for any such bond that is voluntarily surrendered for exchange or payment by the holder or owner.**

**B. Provision shall be made for paying the bonds refunded at the time or places provided in Subsection A of this section. The principal amount of the refunding bonds may exceed, be less than or be the same as the principal amount of the bonds being refunded as long as provision is duly and sufficiently made for the payment of the refunded bonds.**

**C. The proceeds of refunding bonds, including any accrued interest and premium appertaining to the sale of refunding bonds, shall either be immediately applied to the retirement of the bonds being refunded or be placed in escrow in a commercial bank or trust company that possesses and is exercising trust powers and that is a member of the federal deposit insurance corporation, to be applied to the payment of the principal of, interest on and any prior redemption premium due in connection with the bonds being refunded; provided that such refunding bond proceeds, including any accrued interest and any premium appertaining to a sale of refunding bonds, may be applied to the establishment and maintenance of a reserve fund and to the payment of expenses incidental to the refunding and the issuance of the refunding bonds, the interest on the refunding bonds and the principal of the refunding bonds or both interest and principal as the county may determine. Nothing in this section requires the establishment of an escrow if the refunded bonds become due and payable within one year from the date of the refunding bonds and if the amounts necessary to retire the refunded bonds within that time are deposited with the paying agent for the refunded bonds. Any such escrow shall not necessarily be limited to proceeds of refunding bonds but may include other money available to retire the refunded bonds. Any proceeds in escrow pending such use may be invested in bills, certificates of indebtedness, notes or bonds that are direct obligations of, or the principal and interest of which obligations are unconditionally guaranteed by the United States of America or in certificates of deposit of banks that are members of the federal deposit insurance corporation, the par value of which certificates of deposit is collateralized by a pledge of obligations of, or the payment of which is unconditionally guaranteed by, the United States of America, the par value of which**



obligations is at least seventy-five percent of the par value of the certificates of deposit. Such proceeds and investments in escrow together with any interest or other income to be derived from any such investment shall be in an amount at all times sufficient as to principal, interest, any prior redemption premium due and any charges of the escrow agent payable therefrom to pay the bonds being refunded as they become due at their respective maturities or due at any designated prior redemption date or dates in connection with which the county shall exercise a prior redemption option. Any purchaser of any refunding bond issued pursuant to the provisions of the Local Hospital Gross Receipts Tax Act [7-20C-1 to 7-20C-17 NMSA 1978] is in no manner responsible for the application of the proceeds thereof by the county or any of its officers, agents or employees.

D. Refunding bonds may be sold at a public or negotiated sale and may bear such additional terms and provisions as may be determined by the county subject to the limitations in the Local Hospital Gross Receipts Tax Act. The terms, provisions and authorization of the refunding bonds are not subject to the provisions of any other statute, provided that the Public Securities Limitation of Action Act [6-14-4 to 6-14-7 NMSA 1978] shall be fully applicable to the issuance of refunding bonds.  
(Laws 1996, Chapter 18, Section 4)

---